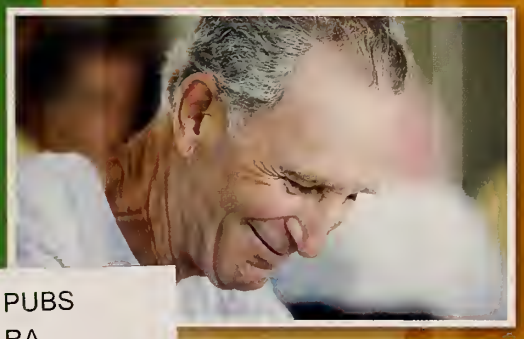
CMS Library
C2-07-13
7500 Security Blvd.
Baltimore, Maryland 21244

Medicaid Coverage of Medicare Beneficiaries (Dual Eligibles) At a Glance



PUBS
RA
412
.4
M4224
2009

Overview of Medicare Coverage and Cost-Sharing

The Original Medicare Program, Title XVIII of the Social Security Act (SSA), provides hospital insurance, known as Part A coverage, and supplementary medical insurance, known as Part B coverage. Coverage for Part A is automatic for individuals age 65 or older (and for certain disabled individuals) that have insured status under Social Security or Railroad Retirement. Most individuals **do not** pay a monthly premium (amount paid to Medicare, an insurance company, or a health care plan for health coverage) for Part A if they or their spouse paid Medicare taxes while working. Coverage for Part A may be purchased by individuals who do not have insured status through the payment of monthly Part A premiums. Coverage for Part B **does** require payment of monthly premiums.

Individuals with Original Medicare generally pay:

- a deductible (a fixed amount per year for health care before Medicare pays its share),
- coinsurance (a percentage of the cost of the covered services and/or supplies), and
- may pay a copayment (fixed dollar amounts that an individual must pay when he or she uses a particular service).

Individuals with Original Medicare who desire Medicare drug coverage must join a Medicare Prescription Drug Plan.

Medicare Advantage (MA) plans are also part of Medicare. These health plan options, known as Part C plans, are offered by private companies and approved by Medicare. MA plans are not supplemental insurance. These plans must provide all Part A and Part B coverage and follow rules set by Medicare, including benefit design and cost-sharing.

Medicare Learning Network®
Official CMS Information for Medicare Fee-For-Service Providers

Medicare Cost-Sharing for Medicaid Recipients

Medicaid is a joint Federal and State program that helps pay medical costs for individuals with limited income and resources. Individuals with Medicare Part A and/or Part B, who have limited income and resources, may get help paying for their out-of-pocket medical expenses from their State Medicaid Program. These programs help individuals with Medicare save money each year. Medicare cost-sharing includes Part A and Part B premiums and, in some cases, may also pay a Part A and Part B deductible and coinsurance. The SSA provides that a State Medicaid plan is not required to provide payment for any expenses incurred for a deductible, coinsurance, or copayment for Medicare cost-sharing to the extent that the Medicare payment for the service would exceed the payment amount that would be made under the State Medicaid plan. In any case, where a Medicare deductible, coinsurance, or copayment is required to be paid or may be paid conditionally, the State may limit Medicaid payment, including nominal cost-sharing amounts as permitted under the SSA and specified in the State Medicaid plan. These payment limitations may result in a Medicaid payment of zero.

For individuals with an MA plan, cost-sharing includes premiums plus a deductible and coinsurance, and may include copayment. Additional factors also determine whether Medicaid is liable for coverage of cost-sharing in MA plans. These factors include the dual eligible coverage category, the type of cost-sharing, the options elected by the State, and payment limitations specified in the State Medicaid plan.

Individuals who are entitled to Medicare Part A and/or Part B and are eligible for some form of Medicaid benefit are often referred to as "**dual eligibles**." These benefits are sometimes referred to as Medicare Savings Programs (MSPs). Dual eligibles are eligible for some form of Medicaid benefit, whether that Medicaid coverage is limited to certain costs, such as Medicare premiums, or the full benefits covered under the State Medicaid plan.

Dual eligibles whose **benefits are limited** include:

- Qualified Medicare Beneficiaries (QMB),
- Specified Low-Income Medicare Beneficiaries (SLMB),
- Qualifying Individuals (QI), and
- Qualified Disabled Working Individuals (QDWI).

Those eligible for full Medicaid benefits are called **Full Benefit Dual Eligibles (FBDE)**. At times, individuals may qualify for both limited coverage of Medicare cost-sharing as well as full Medicaid benefits.

Dual Eligible Medicare Beneficiary Groups

Qualified Medicare Beneficiary (QMB Only)

A **QMB** is an individual who:

- is entitled to Medicare Part A,
- has income that does not exceed 100 percent of the Federal Poverty Level (FPL), and
- has resources that do not exceed twice the Supplemental Security Income (SSI) limit.

A QMB is eligible for Medicaid payment of Medicare premium, deductible, coinsurance, and copayment amounts (except for Part D). A QMB who does not qualify for any additional Medicaid benefits is called a "**QMB Only**."

QMB Plus

A **QMB Plus** is an individual who:

- meets all of the standards for QMB eligibility as described above, but
- also meets the financial criteria for full Medicaid coverage, and
- is entitled to all benefits available to a QMB, as well as all benefits available under the State Medicaid plan to a fully eligible Medicaid recipient.

These individuals often qualify for full Medicaid benefits by meeting the Medically Needy standards, or through spending down excess income to the Medically Needy level.

Specified Low-Income Medicare Beneficiary (SLMB Only)

An **SLMB** is an individual who:

- is entitled to Medicare Part A,
- has income that exceeds 100 percent FPL, but is less than 120 percent FPL, and
- has resources that do not exceed twice the SSI limit.

The only Medicaid benefit an SLMB is eligible for is payment of Medicare Part B premiums. An SLMB who does not qualify for any additional Medicaid benefits is called an "**SLMB Only**."

SLMB Plus

An **SLMB Plus** is an individual who:

- meets the standards for SLMB eligibility, but
- also meets the financial criteria for full Medicaid coverage, and
- is entitled to payment of Medicare Part B premiums, as well as all benefits available under the State Medicaid plan to a fully eligible Medicaid recipient.

These individuals often qualify for Medicaid by meeting the Medically Needy standards, or through spending down excess income to the Medically Needy level.

Qualifying Individual (QI)

A **QI** is an individual who:

- is entitled to Part A,
- has income that is at least 120 percent FPL, but less than 135 percent FPL,
- has resources that do not exceed twice the SSI limit, and
- is not otherwise eligible for Medicaid.

A QI is similar to an SLMB in that the only benefit available is Medicaid payment of the Medicare Part B premium; however, expenditures for any QI are 100 percent federally funded and the total expenditures are limited by statute.

Full Benefit Dual Eligible (FBDE)

An **FBDE** is an individual who:

- is eligible for Medicaid either categorically or through optional coverage groups, such as Medically Needy or special income levels for institutionalized or home and community-based waivers, but
- does not meet the income or resource criteria for a QMB or an SLMB.

Qualified Disabled and Working Individual (QDWI)

A **QDWI** is an individual who:

- lost Medicare Part A benefits due to returning to work, but is eligible to enroll in and purchase Medicare Part A,
- does not have an income that exceeds 200 percent FPL,
- does not have resources that exceed twice the SSI limit, and
- may not be otherwise eligible for Medicaid.

A QDWI is only eligible for Medicaid payment of Part A premiums.

Medicaid Liability for Medicare Part C Cost-Sharing for a Dual Eligible

To properly determine Medicaid liability for Medicare Part C cost-sharing for a dual eligible, it is necessary to determine the individual's Medicaid coverage group and the type of Medicare Part C cost-sharing. The following chart identifies the Medicaid liability by coverage group and type of Part C cost-sharing.

Medicare Part C Cost-Sharing Chart

Dual Eligible Beneficiary Group	Part C Premium for Basic Medicare Part A and Part B Benefits and Mandatory Supplemental Benefits	Part C Premium for Optional Supplemental Benefits	Medicare Deductible, Coinsurance, and Copayment (except Part D)*
QMB Only	Optional	Not allowed	Required
QMB Plus	Optional	Optional	Required
SLMB Only	Not allowed	Not allowed	Not allowed
SLMB Plus	Not allowed	Optional	Conditional
QI	Not allowed	Not allowed	Not allowed
Other FBDE	Not allowed	Optional	Conditional
QDWI	Not allowed	Not allowed	Not allowed

*The SSA specifies that Federal Financial Protection is not available for the coverage of Part D drugs for Part D eligible individuals.

CMS LIBRARY
3 8095 00010914 6

Capitation for Medicare Cost-Sharing in MA Plans

When States choose to capitate payments to MA plans for their Medicare cost-sharing obligations, the capitation rate must take into account the limitations on the States' payments as specified in the SSA. This means that the State's capitation rate for Medicare cost-sharing must be consistent with the payment levels specified in the State Medicaid plan and the methodology for the computation of the capitation rate must be part of the approved State Medicaid plan. An MA plan that does not wish to accept the capitation payment is not obligated to do so, but since MA claims do not automatically "cross-over" to Medicaid, plan providers must be able to submit valid claims to the State Medicaid Program in order to obtain the payment for the Medicaid cost-sharing obligation.

Balance Billing a QMB

For a QMB, Medicaid is responsible for deductible, coinsurance, and copayment amounts for Medicare Part A and B covered services. Providers may not bill a QMB for either the balance of the Medicare rate or the provider's customary charges for Part A or B services. The QMB is protected from liability for Part A and B charges, even when the amounts the provider receives from Medicare and Medicaid are less than the Medicare rate or less than the provider's customary charges as specified in the Balanced Budget Act of 1997 (BBA). Providers who bill a QMB for amounts above the Medicare and Medicaid payments (even when Medicaid pays nothing) are subject to sanctions. Providers may not accept QMB patients as "private pay" in order to bill the patient directly and providers must accept Medicare assignment for all Medicaid patients, including a QMB.

Additional Resources

- **The "Medicare Learning Network (MLN)"** The "Medicare Learning Network (MLN)" is the brand name for official CMS educational products and information for Medicare fee-for-service providers. For additional information visit the Medicare Learning Network's web page at http://www.cms.hhs.gov/MLNGenInfo on the CMS website.
- For more information about Medicare and Medicaid, visit http://www.cms.hhs.gov on the CMS website.
- For additional information on the Medicare – Medicaid Relationship, visit http://www.cms.hhs.gov/MLNProducts/downloads/Relationship_Brochure.pdf on the CMS website.
- For additional information on dual eligibility, visit http://www.cms.hhs.gov/DualEligible/01_Overview.asp on the CMS website.

CMS Library
C2-07-13
7500 Security Blvd.
Baltimore, Maryland 21244

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

DEPARTMENT OF HEALTH & HUMAN SERVICES · USA

This fact sheet was prepared as a service to the public and is not intended to grant rights or impose obligations. This fact sheet may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations, and other interpretive materials for a full and accurate statement of their contents.

ICN 006977
December 2009